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# Press Release

FOR IMMEDIATE RELEASE

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## ***Southern California economy facing seismic demographic shift amid declining birth rates, aging labor pool***

**LOS ANGELES** – Declining birth rates, population shifts and rapidly advancing technology are transforming Southern California’s labor force and creating new long-term challenges – and opportunities – for one of the world’s largest economies, experts said Monday at a regional demographic forum.

In Los Angeles County alone, annual births have dropped 40 percent from 204,000 in 1990 to 124,000 in 2015, and will continue to drop by 2,000 a year through 2020. This has resulted in a significant decline in the number of employees under the age of 25, put a higher premium on immigrant labor and automation to sustain economic growth and widened the gap between the haves and have nots throughout the six-county region.

“The labor market is changing. Poverty and housing affordability remain major challenges. We need new solutions and new ways of thinking if we are to remain competitive and viable as a region and as a state,” said Hasan Ikhrata, Executive Director of the Southern California Association of Governments (SCAG), co-hosts of the 28<sup>th</sup> Annual Demographic Workshop at the University of Southern California.

The workshop, “Volatile Demographics: How High & How Low,” was co-sponsored by the USC Sol Price School of Public Policy and featured presentations from leading economists and demographers on the future of the region’s population and labor force.

Among the key trends and impacts detailed during the session:

- Fertility rates in Southern California are slightly below state and national averages, but are part of a global trend of women and couples waiting until later in life to have children. Today, the largest percentage of women giving birth are between the ages of 30 and 35. Pregnancies are down among teens and Hispanic women. On the other hand, more women between the ages of 40 and 45 are having children than ever before. Economics and educational attainment – more women going to college and having professional careers – are the leading drivers of this shift.
- Immigration rates, too, have slowed over the past two decades, but have played an increasingly important role in sustaining the region’s population and meeting workforce needs. Today, immigrant labor accounts for more than half of all lower-paying, lower-skilled positions.

- Seniors represent the fastest-growing – and most stable – segment of the labor pool. Since 2000, labor force participation rates among individuals 65 and older have increased by 55 percent – well above any other age group.
- Smaller households and economic disparity have created a huge housing affordability gap that is threatening the region's and state's ability to attract and keep workers. Today, more than one-third of all renters pay more than half of their incomes for housing. This has significant residual impact – such as discouraging job growth and reducing disposable income – costing the California economy \$238 billion annually.

“These aren’t incremental changes, but seismic ones that impact our economy, our communities and way of life,” said Margaret Finlay, President of SCAG and Mayor of Duarte. “They also fundamentally change the conversation when it comes to preparing our workforce, the important role immigration plays and where we are going as a region and a state.”

Michael Bracken, Managing Partner & Chief Economist for Development Management Group Inc., said the changes have impacted not just businesses, but the ability of local governments to provide essential services. The current property tax structure, he noted, discourages the building of housing – affordable or otherwise – while the loss of redevelopment financing have hamstrung local budgets and efforts to expand infrastructure and housing availability.

He offered a variety of potential solutions, including giving cities a larger share of property tax proceeds, appreciating the contributions made by our immigrant workforce and rewarding full-time employment with enough income to sustain quality of life.

“All jobs propel the economy,” Bracken said. “If you work, you should eat. If you work, you should have a place to live. These are important parts of our values.”

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### **About SCAG**

SCAG is the nation's largest metropolitan planning organization, representing six counties, 191 cities and more than 18 million residents. SCAG undertakes a variety of planning and policy initiatives to plan for a livable and sustainable Southern California now and in the future. For more information about SCAG's regional efforts, please visit [www.scag.ca.gov](http://www.scag.ca.gov).